

AMENDED IN SENATE JUNE 21, 2012

AMENDED IN ASSEMBLY MAY 25, 2012

AMENDED IN ASSEMBLY MAY 3, 2012

AMENDED IN ASSEMBLY APRIL 12, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2084**

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**Introduced by Assembly Member Solorio**

February 23, 2012

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An act to amend ~~Section~~ *Sections 10270, 10270.2, and 10270.3* of, and to add Section 10270.2.5 to, the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2084, as amended, Solorio. Blanket insurance.

Existing law provides that blanket insurance is that form of insurance providing coverage for specified circumstances and insuring by describing all persons within a class of persons defined in a policy issued to a master policyholder, and not by specifically naming the persons covered. Under existing law, the permitted types of blanket insurance are those where the blanket policy is issued to specified entities, including, but not limited to, a volunteer fire company providing benefits to members only in the event of accident incurred while performing actions incident to such membership and a proprietor or sponsor of an organized camping institution providing benefits to campers or persons responsible for their support for death or dismemberment resulting from accident, or for hospital, medical,

surgical, or nursing expenses resulting from accident or sickness related to the camper's specified connection with the camping institution.

This bill would revise and recast those above entities to instead include (1) a volunteer or governmental fire department, emergency medical services company, or similar volunteer or governmental organization providing benefits to members or participants only in the event of accident incurred while performing actions incident to an activity or operation sponsored or supervised by the department, company, or organization and (2) a sports team or camp, as specified, providing benefits to participants, campers, and other specified persons responsible for their support for death or dismemberment resulting from accident, or for hospital, medical, surgical, or nursing expenses resulting from specified accident or sickness related to the participants, campers, or other specified person's connection with the sports team or camp, as specified.

This bill would additionally specify other permitted types of blanket insurance, *providing specified benefits*, issued to specified entities that include, but are not limited to, (1) an employer providing accident benefits to any group of workers, dependents, or guests, limited by reference to specified hazards incident to activities or operations of the employer, (2) any common carrier or any operator, owner, or lessor of a means of transportation providing accident benefits to any specified group of persons who may become lessees or passengers limited by reference to travel status, and (3) an entertainment production company providing accident benefits to any group of participants, volunteers, audience members, contestants, ~~employees, or independent contractors~~ *or workers* while engaged in any activity or operation of the entertainment production company. The bill would authorize the person insured, when the premium is paid for these types of blanket insurance, to request a copy of the policy from the insurer. ~~The bill would define the term "accident benefits" for purposes of these provisions.~~

Existing law prohibits a person from transacting any class of insurance business in this state without first being an admitted insurer. Under existing law, admission is secured by procuring a certificate of authority from the Insurance Commissioner. Existing law authorizes the above-described blanket policies, among others, to provide that the cost of the insurance coverage is required to be paid by either the policyholder, or the individuals insured or their parents or guardians, payable through the policyholder. Existing law prohibits a blanket policy

from being issued until approved as to substance and form by the commissioner.

This bill would extend these provisions to the newly established permitted types of blanket insurance described above. *The bill would require an insurer who intends to issue a policy according to these revised provisions to submit, prior to issuance, any new language in that policy to the commissioner for approval.* The bill would also authorize the commissioner to add to the list of entities that may be eligible to purchase blanket insurance for any risk or class of risks, relating to accident benefits, as defined, which may be properly eligible for blanket insurance. *The bill would require the commissioner to issue and post on the commission's Internet Web site a letter order, as specified, each time the commissioner exercises his or her discretion to add an entity to the list of entities eligible to purchase blanket insurance.*

*The bill would make additional conforming, nonsubstantive changes.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 10270 of the Insurance Code is amended  
2     to read:  
3     10270. (a) This chapter shall not apply to workmen's  
4     compensation insurance nor any policy of liability insurance with  
5     or without supplementary coverage therein, nor any policy or  
6     contract of reinsurance.  
7     (b) This chapter shall apply to selected group disability insurance  
8     as defined in Section 10270.97, except insofar as it is exempted  
9     from Section 10401.  
10    (c) This chapter shall apply to each of the types of insurance  
11    enumerated in this subdivision which insure more than one person,  
12    except to the extent each such type may be exempted from  
13    compliance with particular portions of this chapter by the  
14    provisions of this chapter relating to each such type of insurance.  
15    Such types of insurance which insure more than one person and  
16    which are hereby exempted from subdivision (c) of Section 10310,  
17    subdivision (c) of Section 10320 (but family expense disability  
18    insurance only to the extent therein provided), and Section 10401  
19    (but only to the extent in this chapter provided) are:

1 (1) Blanket insurance, as defined in *subdivision (a) of Section*  
2 10270.2.

3 (2) Tuition refund insurance, as defined in Section 10270.1.

4 (3) Group disability insurance, as defined in Sections 10270.5,  
5 10270.505, and 10270.57.

6 (4) Family expense disability insurance, as defined in Section  
7 10270.7.

8 (5) Unemployment compensation disability insurance as defined  
9 in *paragraph (6) of subdivision-(f) (a) of Section 10270.2.*

10 ~~SECTION 1.~~

11 *SEC. 2.* Section 10270.2 of the Insurance Code is amended to  
12 read:

13 10270.2. (a) Blanket insurance is that form of insurance  
14 providing coverage for specified circumstances and insuring by  
15 description all or nearly all persons within a class of persons  
16 defined in a policy issued to a master policyholder, and not by  
17 specifically naming the persons covered (by certificate or  
18 otherwise, although a statement of the coverage provided may be  
19 given, or required by the policy to be given to persons eligible).  
20 The permitted types of blanket insurance are those where the  
21 blanket policy is issued to any of the following:

22 ~~(a)~~

23 (1) A volunteer or governmental fire department, emergency  
24 medical services company, or similar volunteer or governmental  
25 organization providing benefits to members or participants only  
26 in the event of accident incurred while performing actions incident  
27 to an activity or operation sponsored or supervised by the  
28 department, company, or organization.

29 ~~(b)~~

30 (2) A college, school, or other institution of learning, a school  
31 district or districts or school jurisdictional unit, or to the head,  
32 principal, or governing board of any such educational unit who or  
33 which shall be deemed the policyholder; providing benefits to  
34 students without necessarily any restriction as to activity, time, or  
35 place, or to teachers or employees while performing actions  
36 incident to special duties, such as at camps, at summer playgrounds,  
37 or during tours or excursions; and providing benefits to such  
38 students, teachers, or employees, and spouses and dependents of  
39 such students, teachers, and employees, for death or  
40 dismemberment resulting from accident or for hospital, medical,

1 surgical, drug, or nursing expenses resulting from accident or  
2 sickness.

3 (e)

4 (3) A sports team, camp, or sponsor, or proprietor thereof, who  
5 shall be deemed the policyholder, providing benefits to sports team  
6 participants, campers, employees, officials, supervisors, or persons  
7 responsible for their support for death or dismemberment resulting  
8 from accident, or for hospital, medical, surgical, or nursing  
9 expenses resulting from accident to those participants, campers,  
10 employees, officials, supervisors, or persons responsible for their  
11 support, or arising out of sickness of those participants, campers,  
12 employees, officials, supervisors, or persons responsible for their  
13 support, provided the accident or the first manifestation of such  
14 sickness occurs while those participants, campers, employees,  
15 officials, supervisors, or persons responsible for their support are  
16 in or on the buildings or premises of the sports team or camp, or  
17 being transported between their homes and the sports team or  
18 camp, or while at any other place as an incident to sports  
19 ~~team-sponsored~~ *team*- or camp-sponsored activities or while being  
20 transported to, from, or between those places.

21 (f)

22 (4) A newspaper, farm paper, magazine, or other periodical  
23 publication, which shall be deemed the policyholder, providing  
24 benefits for independent contractors, such as carriers, newsboys,  
25 dealers, distributors, wholesalers, or others engaged in the sale,  
26 distribution, collecting for, or other activities pertaining to the  
27 marketing and delivery of such publications, including attendance  
28 at a coaching school or participation as a member of a trip  
29 organized, supervised, and sponsored as a reward for meritorious  
30 service, on account of loss resulting from accident or sickness,  
31 such benefit to be payable to such independent contractors or to  
32 their parents, guardians, or other persons responsible for their  
33 support.

34 When the premium for the insurance is paid by the person  
35 insured, he or she may, upon request, obtain from the insurer in  
36 certificate form a copy of the policy.

37 (g)

38 (5) Any religious, charitable, recreational, educational, athletic  
39 or civic organization, or branch thereof, which shall be deemed  
40 the policyholder, providing benefits to any group of members,

1 employees, or participants for death or dismemberment or for  
2 hospital, medical, surgical, or nursing expenses all resulting from  
3 accident incurred incident to specific hazards pertaining to any  
4 activity or activities or operations sponsored or supervised by or  
5 on the premises of such policyholder.

6 ~~(f)~~

7 (6) An employer, a majority of the employees in this state of  
8 an employer, or both, upon application, to pay the benefits afforded  
9 by a voluntary plan of unemployment compensation disability  
10 insurance. Notwithstanding the provisions of Section 10113, such  
11 policies may incorporate by reference any of the appropriate  
12 provisions of Part 2 (commencing with Section 2601) of Division  
13 1 of the Unemployment Insurance Code and the authorized  
14 regulations of the Director of Employment Development.

15 ~~(g)~~

16 (7) An employer, who shall be deemed the policyholder,  
17 providing ~~accident~~ benefits to any group of workers, dependents,  
18 or guests, limited by reference to specified hazards incident to  
19 activities or operations of the policyholder, *for death or*  
20 *dismemberment, or for hospital, medical, surgical, or nursing*  
21 *expenses, resulting from accident.* When the premium for the  
22 insurance is paid by the person insured, he or she may, upon  
23 request, obtain from the insurer in certificate form a copy of the  
24 policy.

25 ~~(h)~~

26 (8) Any common carrier or any operator, owner, or lessor of a  
27 means of transportation, who shall be deemed the policyholder,  
28 providing ~~accident~~ benefits to any group of persons who may  
29 become lessees or ~~passengers~~ *passengers*, limited by reference to  
30 their travel status on that common carrier or that means of  
31 transportation, *for death or dismemberment, or for hospital,*  
32 *medical, surgical, or nursing expenses, resulting from accident.*  
33 When the premium for the insurance is paid by the person insured,  
34 he or she may, upon request, obtain from the insurer in certificate  
35 form a copy of the policy.

36 ~~(i)~~

37 (9) An entertainment production company, who shall be deemed  
38 the policyholder, providing ~~accident~~ benefits to any group of  
39 participants, volunteers, audience members, contestants, ~~employees,~~  
40 ~~or independent contractors~~ *or workers for death or dismemberment,*

1 *or for hospital, medical, surgical, or nursing expenses, resulting*  
 2 *from accident* while engaged in any activity or operation of the  
 3 policyholder. When the premium for the insurance is paid by the  
 4 person insured, he or she may, upon request, obtain from the insurer  
 5 in certificate form a copy of the policy.

6 **A**

7 (b) A “blanket policy” is any disability policy of the nature  
 8 herein described sold to any of the entities described in ~~subdivision~~  
 9 ~~(a), (b), (c), (d), (e), (f), (g), (h), or (i), paragraphs (1) to (9),~~  
 10 *inclusive, of this section subdivision (a)* and providing coverage  
 11 for any group of persons within permitted categories defined in  
 12 the policy. Policies referred to in ~~subdivision (f) paragraph (6) of~~  
 13 *subdivision (a)* shall comply with the provisions of this section  
 14 specifically referring thereto. Policies referred to in ~~subdivision~~  
 15 ~~(a), (b), (c), (d), (e), (g), (h), or (i), paragraphs (1) to (5), inclusive,~~  
 16 *or (7) to (9), inclusive, of subdivision (a)* may provide that the cost  
 17 of the insurance coverage shall be borne by either the policyholder,  
 18 or the individuals insured or their parents or guardians, payable  
 19 through the policyholder. In the absence of a policy provision  
 20 excluding coverage for otherwise covered individuals who have  
 21 not individually enrolled with the policyholder and undertaken to  
 22 pay all or a specified portion of the premium allocable to such  
 23 individual, such policy shall provide the described insurance for  
 24 all who fall within the categories of covered individuals defined  
 25 in the policy. Such policy may, but is not required to, contain  
 26 provisions requiring a minimum number of participating persons  
 27 or a minimum percentage of participation before the policy is  
 28 effective. In the absence of such a provision, coverage shall not  
 29 be denied any individual otherwise eligible on those grounds.

30 **No**

31 (c) *No* policies described in ~~subdivision (a), (b), (c), (d), (e),~~  
 32 ~~(g), (h), or (i), of this section paragraphs (1) to (5), inclusive, or~~  
 33 *(7) to (9), inclusive, of subdivision (a)* shall be issued until  
 34 approved as to substance and form by the commissioner. The  
 35 commissioner may, after notice and hearing, promulgate such  
 36 reasonable rules and regulations, relating to the substance, form,  
 37 and issuance of such policies, as are necessary or desirable to  
 38 preserve, insofar as applicable, standards as respects substance,  
 39 form, and issuance comparable to the standards in such respects  
 40 prescribed by this chapter and applicable to other types of disability

1 policies, and to further the purpose or purposes for which such  
2 policies are to be issued.

3 ~~No~~

4 ~~(d) No policies described in subdivision (f) paragraph (6) of~~  
5 ~~subdivision (a) shall be issued until approved as to form by the~~  
6 ~~commissioner. The commissioner may, after notice and hearing,~~  
7 ~~promulgate such reasonable rules and regulations, relating to the~~  
8 ~~form and issuance of such policies, as do not affect the substance~~  
9 ~~of the coverage, and as are necessary or desirable to preserve,~~  
10 ~~insofar as applicable, standards as respects form and issuance~~  
11 ~~comparable to the standards in such respects prescribed by this~~  
12 ~~chapter and applicable to other types of disability policies, and to~~  
13 ~~further the purpose or purposes for which such policies are to be~~  
14 ~~issued. Notwithstanding the provisions of Section 10113, such~~  
15 ~~policies may incorporate by reference any of the appropriate~~  
16 ~~provisions of Part 2 (commencing with Section 2601) of Division~~  
17 ~~1 of the Unemployment Insurance Code and the authorized~~  
18 ~~regulations of the Director of Employment Development.~~

19 *(e) No policies described in this section shall constitute workers'*  
20 *compensation insurance, as defined in Section 109. No policies*  
21 *described in paragraphs (3),(5), (7), (8), or (9) of subdivision (a)*  
22 *shall be marketed or sold as a substitute for health insurance*  
23 *coverage compliant with the requirements of the federal Patient*  
24 *Protection and Affordable Care Act (Public Law 111-148), as*  
25 *amended by the Health Care and Education Reconciliation Act of*  
26 *2010 (Public Law 111-152).*

27 *(f) (1) An insurer that intends to issue a policy of blanket*  
28 *insurance authorized by the amendments to this section pursuant*  
29 *to the act adding this subdivision, or authorized pursuant to section*  
30 *10270.2.5, using a policy form previously approved by the*  
31 *commissioner, where the only new language in the policy is the*  
32 *specification of the policyholder, covered persons, or the hazards*  
33 *or activities insured, shall submit that new language to the*  
34 *commissioner prior to issuance of the policy. Submissions of*  
35 *documents containing variable text or blanks shall include*  
36 *complete lists of the variable wording or accurate descriptions of*  
37 *the material to be inserted in lieu of the variable wording or in*  
38 *the blanks of these documents.*

39 *(2) A policy using the new language shall not be issued until*  
40 *either 30 days expires without notice from the commissioner after*



1 *the new language is filed, or the commissioner gives his or her*  
2 *written approval prior to that time. If the commissioner at any*  
3 *time notifies the insurer, in writing and specifying the reasons for*  
4 *his or her opinion, that the filed new language does not comply*  
5 *with the requirements of law, an insurer shall not issue any policy*  
6 *containing that language.*

7 *(3) Nothing in this subdivision shall be construed to provide*  
8 *separate authority for the commissioner to reopen review of*  
9 *previously approved policy forms.*

10 ~~SEC. 2.~~

11 *SEC. 3. Section 10270.2.5 is added to the Insurance Code, to*  
12 *read:*

13 *10270.2.5. (a) In addition to the permitted types of blanket*  
14 *insurance issued to entities described in Section 10270.2, the*  
15 *commissioner may, in his or her discretion, add other entities that*  
16 *may be eligible to purchase blanket insurance for any class of risks*  
17 *relating to accident benefits for death or dismemberment, or for*  
18 *hospital, medical, surgical, or nursing expenses, resulting from*  
19 *accident which may be properly eligible for blanket insurance.*

20 ~~*(b) For purposes of this section and Section 10270.2, the term*~~  
21 ~~*“accident benefits” means those benefits that are payable as a result*~~  
22 ~~*of an unintended and unexpected occurrence that produces loss,*~~  
23 ~~*damage, or injury.*~~

24 *(b) The commissioner may issue a letter order, and shall post*  
25 *the letter order on the Internet Web site of the Department of*  
26 *Insurance, any time he or she exercises discretion pursuant to*  
27 *subdivision (a) to add other entities that may be eligible to*  
28 *purchase blanket insurance. These letter orders shall not be subject*  
29 *to Chapter 3.5 (commencing with Section 11340) of Part 1 of*  
30 *Division 3 of Title 2 of the Government Code.*

31 *SEC. 4. Section 10270.3 of the Insurance Code is amended to*  
32 *read:*

33 *10270.3. A blanket disability policy of a type permitted under*  
34 *paragraph (2) or (5) of subdivision (b) or (c) of Section 10270.2*  
35 *may include either a coordination of benefits policy provision or*  
36 *a nonduplication of benefits policy provision, at the option of the*  
37 *policyholder.*

38 *The essential features of any such plan policy under subdivision*  
39 ~~*(b) or (c) paragraph (2) or (5) of subdivision (a) of Section 10270.2*~~  
40 *shall be disclosed to the insured, or the parent or legal guardian of*

1 the insured, prior to enrollment in ~~any such plan~~ *that policy*. All  
2 ~~such~~ disclosures shall state whether or not the benefits payable  
3 under ~~such~~ *the* blanket insurance policy are subject to reduction,  
4 to the extent provided in ~~such~~ *the* policy, if an individual insured  
5 thereunder is entitled to benefits, whether on an indemnity basis  
6 or on a provision-of-service basis, for hospital, medical, dental, or  
7 surgical expenses under any other valid and collectible individual,  
8 group, or blanket insurance policy or contract, hospital or medical  
9 service program, or group-practice prepayment plan, except for  
10 automobile medical payments insurance.  
11 The disclosure material shall be submitted to the commissioner  
12 for review along with the blanket insurance policy.